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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

April 15, 2005

Legislative Audit Commission
622 Stratton Office Building
Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General for the third quarter of Fiscal Year 2005 ending March 31, 2005.

FISCAL MATTERS

<i>FY 2005 – THIRD QUARTER</i>				
	<i>Appropriation</i>	<i>Expended</i>	<i>Obligated</i>	<i>Balance</i>
Personal Services	\$ 4,018,200	\$ 2,950,593	\$ 0	\$ 1,067,607
Employee Retire. (Employer)	56,700	55,189	0	1,511
State Retirement	631,100	488,678	0	142,422
Social Security	299,800	217,914	0	81,886
Contractual Services	653,300	401,793	105,250	146,257
Travel	95,000	36,266	0	58,734
Commodities	20,000	2,963	0	17,037
Printing	22,000	11,277	0	10,723
Equipment	50,000	13,211	0	36,789
EDP	75,000	16,787	13,613	44,600
Telecommunications	75,000	37,838	0	37,162
Oper. of Auto. Equip.	5,000	1,564	0	3,436
Audits/Studies/Invest.*	<u>13,735,145</u>	<u>7,244,555</u>	<u>3,062,591</u>	<u>3,427,999</u>
TOTAL	<u>\$19,736,245</u>	<u>\$11,478,628</u>	<u>\$3,181,454</u>	<u>\$5,076,163</u>
*Audit Expense Fund				

PERSONNEL

<i>PERSONNEL</i>					
	<i><u>01-01-05</u></i>	<i><u>Appointments</u></i>	<i><u>Separations</u></i>	<i><u>Transfers</u></i>	<i><u>03-31-05</u></i>
Springfield	67	0	1	0	66
Chicago	<u>06</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>06</u>
TOTAL	<u>73</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>72</u>

CONTRACTS

During the third quarter of Fiscal Year 2005 the Office of the Auditor General entered into twelve financial/compliance audit contracts, one performance audit contract and one information systems audit contract.

TRAINING

During the third quarter of Fiscal Year 2005, external-sponsored training in which staff participated included:

- GASB Statement No. 40: Disclosing Investment Risk in 21st Century
- Teamwork Makes the Difference
- Incident Response & Current IT Security Issues
- Control & Security of Telecommunication Networks
- IT Security Law
- Why the Breakdown of Internal Controls Contribute to Fraud
- Strengthening Governance & Accountability in the Public Sector
- How to Perform a Technical Network Vulnerability Assessment

PERFORMANCE AUDITS

<i>PERFORMANCE AUDITS IN PROGRESS</i>
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<i>AUDITS</i>	<i>ESTIMATED RELEASE DATE</i>
<ul style="list-style-type: none">• Management Audit of the Illinois School District Liquid Asset Fund Plus (<i>Senate Resolution No. 171</i>)	Spring 2005
<ul style="list-style-type: none">• Village of Robbins' Use of Municipal Economic Development Funds (<i>P.A. 90-813</i>)	Summer 2005
<ul style="list-style-type: none">• Study of State Employee Travel Between Chicago and Other Illinois Cities (<i>LAC No. 131</i>)	Fall 2005
<ul style="list-style-type: none">• Management and Program Audit of Department of Commerce and Economic Opportunity's Administration of its Economic Development Programs (<i>House Resolution No. 671</i>)	Fall 2005
<ul style="list-style-type: none">• Management and Program Audit of the Department of Transportation's Traffic Safety Programs (<i>LAC No. 129</i>)	Fall 2005
<ul style="list-style-type: none">• Study of Duplicate Programs (<i>LAC No. 130</i>)	Spring 2006
<ul style="list-style-type: none">• Program Audit of the Department of Financial and Professional Regulation's Disciplining of Physicians (<i>House Resolution No. 16</i>)	Spring 2006

REGIONAL OFFICES OF EDUCATION AUDITS

Public Act 92-544, effective June 12, 2002, gave the Office of the Auditor General the responsibility for the conduct of annual audits of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State. Previously, these audits were the responsibility of the Illinois State Board of Education. There are 48 total audits to perform; 45 are of Regional Offices of Education and 3 are of Intermediate Service Centers. As of March 31, 2005, all 15 fiscal year 2004 audits had been released.

FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE ATTESTATION EXAMINATIONS

The following is a listing of financial audits, single audits and compliance attestation examinations for the period(s) ending June 30, 2004, September 30, 2004, December 31, 2004, and April 30, 2005. As the year progresses the “date released” column will be completed.

**FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE
ATTESTATION EXAMINATIONS FOR THE PERIOD(S) ENDING
JUNE 30, 2004 ,SEPTEMBER 30, 2004, DECEMBER 31, 2004,
AND APRIL 30, 2005**

F = Financial Audits

S = Single Audits

C = Compliance Attestation Examinations

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Attorney General				
Capital Development Board				
Chicago State University	x	x	x	3/31/05
Chicago State University Foundation	x			1/27/05
Comptroller – Fiscal Officer				
Comptroller – Non-Fiscal Officer				
Department on Aging			x	3/31/05
Department of Central Management Services				
Department of Central Management Services (Deferred Compensation Plan) (12/31/04)				
Department of Children and Family Services				
Department of Commerce and Economic Opportunity				
Department of Corrections – General Office				
Dept.of Corrections, Correctional Center - <i>Big Muddy River</i>				
Dept. of Corrections, Correctional Center – <i>Centralia</i>				
Dept. of Corrections, Correctional Center – <i>Danville</i>				
Dept. of Corrections, Correctional Center – <i>Decatur Womens</i>				
Dept. of Corrections, Correctional Center – <i>Dixon</i>				
Dept. of Corrections, Correctional Center - <i>Dwight</i>				
Dept. of Corrections, Correctional Center – <i>East Moline</i>				

**FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS**

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Dept. of Corrections, Correctional Center – <i>Graham</i>				
Dept. of Corrections, Correctional Center – <i>Hill</i>				
Dept. of Corrections, Correctional Center – <i>IL River (Canton)</i>				
Dept. of Corrections, Correctional Center – <i>Jacksonville</i>				
Dept. of Corrections, Correctional Center – <i>Lawrence</i>				
Dept. of Corrections, Correctional Center – <i>Lincoln</i>				
Dept. of Corrections, Correctional Center – <i>Logan</i>				
Dept. of Corrections, Correctional Center – <i>Menard</i>				
Dept. of Corrections, Correctional Center – <i>Pinckneyville</i>				
Dept. of Corrections, Correctional Center – <i>Pontiac</i>				
Dept. of Corrections, Correctional Center – <i>Robinson</i>				
Dept. of Corrections, Correctional Center – <i>Shawnee</i>				
Dept. of Corrections, Correctional Center – <i>Sheridan</i>				
Dept. of Corrections, Correctional Center – <i>Southwestern IL</i>				
Dept. of Corrections, Correctional Center – <i>Stateville</i>				
Dept. of Corrections, Correctional Center – <i>Tamms</i>				
Dept. of Corrections, Correctional Center – <i>Taylorville</i>				
Dept. of Corrections, Correctional Center – <i>Vandalia</i>				
Dept. of Corrections, Correctional Center – <i>Vienna</i>				
Dept. of Corrections, Correctional Center – <i>Western Illinois</i>				
Department of Corrections, Correctional Industries				
Dept. of Corrections, IL Youth Center – <i>Chicago</i>				
Dept. of Corrections, IL Youth Center – <i>Harrisburg</i>				
Dept. of Corrections, IL Youth Center – <i>Joliet</i>				
Dept. of Corrections, IL Youth Center – <i>Kewanee</i>				
Dept. of Corrections, IL Youth Center – <i>Murphysboro</i>				
Dept. of Corrections, IL Youth Center – <i>Pere Marquette</i>				
Dept. of Corrections, IL Youth Center – <i>St. Charles</i>				

FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE ATTESTATION EXAMINATIONS

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Dept. of Corrections, IL Youth Center – <i>Warrenville</i>				
Department of Employment Security	x			2/10/05
Department of Financial Institutions				
Department of Human Services				
Department of Insurance	x		x	3/31/05
Department of Military Affairs			x	3/10/05
Department of Natural Resources				
Department of Professional Regulation				
Department of Public Aid	x		x	3/10/05
Department of Revenue				
Department of State Police			x	3/10/05
Department of Transportation	x		x	3/10/05
Department of Veterans' Affairs – General Office				
Drycleaner Environmental Response Trust Fund Council			x	2/10/05
DuPage Water Commission (4/30/05)				
East St. Louis Financial Advisory Authority				
Eastern Illinois University	x	x	x	2/17/05
Eastern Illinois University Alumni Association	x			1/27/05
Eastern Illinois University Foundation	x			1/27/05
Environmental Protection Agency	x		x	3/10/05
Environmental Protection Agency Trust Fund Commission			x	3/10/05
General Assembly – Retirement System	x			2/02/05
Governors State University	x	x	x	2/17/05
Governors State University Alumni Association	x			1/27/05
Governors State University Foundation	x			1/27/05
Historic Preservation Agency				
Illinois Community College Board			x	3/31/05
Illinois Conservation Foundation	x	x	x	3/24/05

**FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS**

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Illinois Finance Authority				
Illinois Housing Development Authority				
Illinois Mathematics and Science Academy	x		x	2/10/05
Illinois Mathematics and Science Academy Fund	x			2/10/05
Illinois Medical District Commission	x		x	3/31/05
Illinois Petroleum Resources Board				
Illinois Sports Facilities Authority Pursuant to (PA 91-0935)	x			12/16/04
Illinois State Board of Investment	x			2/02/05
Illinois State Toll Highway Authority – 12/31/04				
Illinois State University	x	x	x	3/16/05
Illinois State University Foundation	x		x	3/16/05
Illinois Student Assistance Commission				
Illinois Student Assistance Commission Designated Account Purchase Program				
Illinois Student Assistance Commission – Prepaid Tuition				
Illinois Veterans’ Home – Anna				
Illinois Veterans’ Home – LaSalle				
Illinois Veterans’ Home – Manteno				
Illinois Veterans’ Home – Quincy				
Illinois Violence Prevention Authority				
Industrial Commission – Self Insurer’s Fund				
Joint Committee on Administrative Rules			x	2/24/05
Judges Retirement System	x			2/02/05
Judicial Inquiry Board			x	2/24/05
Kankakee River Valley Area Airport Authority	x		x	3/31/05
Law Enforcement Training Standards Board			x	2/10/05
Legislative Information Systems				
Northeastern Illinois University	x	x	x	2/17/05

FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE ATTESTATION EXAMINATIONS

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Northeastern Illinois University Foundation	x			1/27/05
Northern Illinois University	x	x	x	2/17/05
Northern Illinois University Alumni Association	x		x	2/17/05
Northern Illinois University Foundation	x		x	2/17/05
Office of Banks and Real Estate			x	3/08/05
Pollution Control Board			x	3/08/05
Prisoner Review Board			x	3/08/05
Property Tax Appeal Board			x	3/08/05
Secretary of State				
Sex Offender Management Board				
Southern IL University	x	x	x	3/16/05
Southern IL University – Carbondale Alumni Association	x			1/27/05
Southern IL University – Carbondale Foundation	x			1/27/05
Southern IL University – Edwardsville Alumni Association	x			1/27/05
Southern IL University – Evergreen Terrace	x			3/16/05
Southern IL University – Edwardsville Foundation	x			1/27/05
Southern IL University – Physicians & Surgeons, Inc.	x			1/27/05
Southern IL University – Research Park	x			3/16/05
Southern IL University – University Park	x			3/16/05
Southwestern Illinois Development Authority				
State Appellate Defender			x	2/24/05
State Board of Education	x		x	3/31/05
State Employees’ Retirement System	x			2/02/05
State Fire Marshal			x	3/31/05
State Police Merit Board			x	2/24/05
State Universities Retirement System	x			2/02/05
State’s Attorney’s Appellate Prosecutor			x	2/10/05
Statewide Single Audit – (Federal Funds)				

***FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS***

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Teachers' Retirement System	x			2/02/05
Treasurer – Bright Start College Savings Program	x			2/10/05
Treasurer – Fiscal Officer				
Treasurer – Illinois Funds	x			2/10/05
University of Illinois	x	x	x	3/24/05
University of Illinois Alumni Association	x		x	3/24/05
University of Illinois Foundation	x		x	3/24/05
University of Illinois – Prairieland Energy, Inc.	x		x	3/24/05
University of Illinois – Research Park, LLC	x		x	3/24/05
University of Illinois – Ventures, LLC	x		x	3/24/05
University of Illinois – Wolcott, Wood & Taylor, Inc.	x		x	3/24/05
Western Illinois University	x	x	x	3/16/05
Western Illinois University Foundation	x			3/16/05

INFORMATION SYSTEMS AUDITS

These audits are components of each agency's regularly scheduled financial audits, single audits and compliance attestation examinations for the period ending June 30, 2004.

<i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 2005</i>	
•	Attorney General
•	Chicago State University
•	Department on Aging
•	Department of Central Management Services
•	Department of Central Management Services – BCCS 3 rd Party Review
•	Department of Children and Family Services
•	Department of Commerce and Economic Opportunity
•	Department of Corrections – General Office
•	Department of Military Affairs
•	Department of Natural Resources
•	Department of Public Aid
•	Department of State Police
•	Department of Veterans’ Affairs – General Office
•	Governors State University
•	Historic Preservation Agency
•	Illinois Math and Science Academy
•	Northeastern Illinois University
•	Office of the Comptroller
•	State Fire Marshal
•	Southern Illinois University
•	University of Illinois
•	Western Illinois University

EMERGENCY PURCHASES

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the third quarter of Fiscal Year 2005 and it contains fifty-seven filings with this Office.

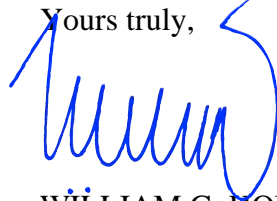
CONTRACTUAL SERVICES CERTIFICATIONS

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive based on retirement before 1993. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the third quarter of Fiscal Year 2005, the Auditor General received no new contractual services certifications.

Copies of certifications received in previous quarters are on file in our Office.

Yours truly,



WILLIAM G. HOLLAND
Auditor General